

Supervision and inspection of commercially prepared food products; religious purposes. A nonprofit organization that supervises the preparation and inspection of food products prepared commercially in a particular locality to insure that they satisfy the dietary rules of a particular religion, thereby assisting the individual members of the religion to comply with its tenets and dictates, qualifies for exemption under section 501(c)(3) of the Code.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The purpose of the organization is to enhance and promote the dietary laws of a particular religion.

The tenets and dictates of the particular religion require that members observe certain dietary rules. These rules are derived from certain books of the Old Testament which specify those foods which are acceptable or unacceptable for individuals of this particular faith. These rules relate to such things as the manner of preparing foods and the ingredients contained therein. As a result those establishments and institutions dealing in the preparation or distribution of food products to consumers who are interested in observing the dietary rules frequently seek advice and supervision from qualified sources as to the specific rules and regulations and how they are to be complied with. Typically, bakeries, meat markets, caterers, hotel and hospital kitchens, and similar food processors and distributors seek such advice in order that they may assure their customers that their products conform to the dietary rules.

The organization supervises the preparation of food and the inspection of food products prepared commercially in the particular locality in order to insure that they satisfy the dietary rules of the particular religion. Its services are available to any food processors or distributors seeking supervision and inspection for the purpose of conforming their products to the dietary rules. The organization employs experienced personnel in the field who are paid on an hourly basis only for such time as they are actually employed.

The organization also publishes a periodic bulletin for distribution to members of the religious community in the area. This bulletin identifies food products that have been approved, and contains information as to the activities of the organization.

Where deemed advisable, the organization permits food preparers or institutions under its supervision to mention the organization's approval in their advertising. However, the public is made aware of the organization's findings through information published in the bulletin, and through notification to religious congregations and religious organizations in the area. The

bulletin contains the brand names of commercially prepared food products that it has approved and lists products inspected by similar organizations outside the organization's area but for sale in that area. The organization is supported entirely by contributions.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable or religious purposes.

Section 1.501(c)(3)-1(d)(2) of the regulations includes in its definition of the term 'charitable' the advancement of religion.

The organization furthers religious purposes by assisting the individual members of the particular religion to observe faithfully the tenets (which include the dietary rules) of that religion, and any benefit to those involved in the commercial preparation of foods is merely incidental to the achievement of this goal. In this connection see Rev. Rul. 71-580, 1971-2 C.B. 235.

Accordingly, the organization is exempt from Federal income tax as provided by section 501(c)(3) of the Code.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business of the organization. See section 1.501(a)-1 of the regulations.